



**Abingdon Health plc**  
(“Abingdon” or “the Company”)

## Interim Results

*Now positioned as a fully integrated CDMO focused on lateral flow testing, with strong commercial traction*

**York, U.K. – 31 March 2023:** Abingdon Health plc (AIM: ABDX), a leading international lateral flow contract development and manufacturing organisation (CDMO), announces its unaudited interim results for the six months ended 31 December 2022.

### Operational highlights (including post-period):

- The Company has successfully transitioned its activities away from COVID-19 and is now operating as a fully integrated CDMO maintaining its full focus on lateral flow testing.
- Strong revenue traction from a diverse range of customers across all aspects of Abingdon’s fully integrated CDMO solution, including contract development, technical transfer, manufacturing, and regulatory, quality assurance and commercial support.
- The Company’s opportunity pipeline remains robust and the Board believes Abingdon’s lateral flow CDMO proposition will continue to yield further contract service opportunities over the course of 2023 and beyond.
- The Company’s product revenue growth, including the Abingdon Simply Test™ range, is encouraging with further own brand and third-party product launches. New product launches, including Salistick™, the first ever saliva pregnancy test, are planned in due course.
- The Company is currently working with a number of new customers across 11 different contract service projects in multiple areas (vs three as at 1 July 2022) with two additional contracts signed, work on which will commence in Q4 2023.

### Financial highlights:

- Revenue of £1.1m for the six months to December 2022 (H1 2022: £1.7m) expected to be significantly improved in H2 2023 and FY 2023 revenues are expected to be materially higher than FY 2022 revenues of £2.8m.
- At 31 December 2022, the Company had £4.4m cash. Current cash is in line with the Board’s expectations and is expected to be £3.7m as at 31 March 2023. The primary objective of the Board is to move the Company to a breakeven and cash flow positive position which it forecasts will be achieved in FY 2024.
- Gross margin increased slightly to 25.9% when compared to the prior year (2022: 25.4% when adjusted for stock provisions of £1.6m for comparability) which represents the cost savings from the reduction in headcount in the year as well as the positive impact from sales mix.
- Reduction in adjusted<sup>1</sup> EBITDA loss of £2.2m in the period (H1 2022: adjusted<sup>2</sup> EBITDA loss of £4.8m) predominantly driven by cost-savings, mainly due to a reduction in headcount.

### Outlook

- Successfully transitioned the Company towards a non-COVID customer base with a solid pipeline of opportunities.
- Signed another two CDMO contracts post-period end and these projects are in the process of onboarding.
- Based on current trading to date and contracted business in H2 2023, the Board is confident that second half revenues will be materially ahead of H1 2023.

### Chris Yates, CEO at Abingdon Health plc, commented:

*“Our dedicated lateral flow CDMO service continues to gain traction with a number of new customers onboarded in recent months. Importantly, all of our CDMO activities are non-COVID-19 and are spread across a range of sectors including clinical and animal health. We believe our fully integrated CDMO service is offering customers a*

*straightforward solution to bring their products to market in the most cost-effective and efficient manner. We are also pleased with the progress that our lateral flow product portfolio, including Abingdon Simply Test™, is making; and whilst we are still in an early phase of our strategy, the distribution channels we have worked hard to build are beginning to generate repeatable revenues.*

*“Our focus is to continue to grow our commercial pipeline, increase our revenues and ultimately achieve profitability and a positive cash flow position. I would like to thank the Abingdon team for their unwavering commitment and support during a period of significant change which has been greatly appreciated by me and the rest of the Board.”*

**Dr Chris Hand, Non-Executive Chairman of Abingdon Health plc, said:** *“Abingdon continues to build revenue across lateral flow development, technical transfer and manufacture. In addition, the Company’s regulatory support gives customers an end to end offering of lateral flow expertise. The Abingdon Simply Test™ range brings this expertise and knowledge in lateral flow testing to the consumer and we will continue to expand our offering including unique products such as the Salistick™.*

*“The next phase of growth for the business brings the Company towards the Board’s primary objective of the achievement of a cash flow positive position. On behalf of the Board of Abingdon Health plc, I would like to thank our colleagues, customers, partners and shareholders for their continued support.”*

<sup>1</sup> adjusted for amortization, depreciation, share based payment expense and non-recurring redundancy costs and professional fees as well as adjustments relating to IFRS 16

<sup>2</sup> adjusted for amortization, depreciation, share based payment expense and non-recurring legal fees

#### **For further information, please contact:**

##### **Abingdon Health plc**

Chris Yates, Chief Executive Officer  
Melanie Ross, Chief Financial Officer  
Chris Hand, Non-Executive Chairman

[www.abingdonhealth.com/investors/](http://www.abingdonhealth.com/investors/)

Via Walbrook PR

##### **Singer Capital Markets (Sole Broker and Nominated Adviser)**

Peter Steel, Alex Bond

Tel: +44 (0)20 7496 3000

##### **Walbrook PR Limited**

Paul McManus / Alice Woodings  
Phillip Marriage

Tel: +44 (0)20 7933 8780 or [abingdon@walbrookpr.com](mailto:abingdon@walbrookpr.com)

Mob: +44 (0)7980 541 893 / +44 (0)7407 804 654  
+44 (0)7867 984 082

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.*

#### **About Abingdon Health plc**

Abingdon Health is a leading lateral flow contract development and manufacturing organisation (“CDMO”) offering its services to an international customer base across industry sectors that include clinical, animal health, plant health, and environmental testing. Abingdon Health has the internal capabilities to take projects from initial concept through to routine and large-scale manufacturing; from “idea to commercial success.”

The Company’s CDMO division offers product development, regulatory support, technology transfer and manufacturing services for customers looking to develop new assays or transfer existing laboratory-based assays to a lateral flow format. Abingdon Health aims to support the increase in need for rapid results across many

industries and locations and produces lateral flow tests in areas such as infectious disease, clinical testing including companion diagnostics, animal health and environmental testing.

Abingdon Health's Abingdon Simply Test™ range of self-tests is an ecommerce platform that offers a range of self-tests to empower consumers to manage their own health and wellbeing. The [Abingdon Simply Test™](#) ecommerce site offers consumers a range of information to support them in making informed decisions on the tests available. In addition, the site provides Abingdon's contract services customers with a potential route to market for self-tests. The Abingdon Simply Test™ range is also sold through international distributors and through other channels in the UK and Ireland such as pharmacy chains.

Founded in 2008, Abingdon Health is headquartered in York, England.

[www.abingdonhealth.com](http://www.abingdonhealth.com)

## **BUSINESS REVIEW**

### **Strategy**

Abingdon Health's mission is to make rapid testing accessible to all. We seek to achieve this in two ways. Firstly, by providing our customers with a comprehensive lateral flow contract development and manufacturing service ("CDMO") to bring their products to market in the most efficient and cost-effective way. Secondly, through the distribution of a range of lateral flow self-test products, both online and via third party distributors, the majority of which are branded Abingdon Simply Test™.

#### Lateral Flow CDMO services

Abingdon provides its customers with an integrated CDMO service. This covers feasibility, optimisation, scale-up, technical transfer and manufacturing. In addition, we offer a range of other services such as regulatory and commercial support, meaning that we can provide customers with all the services required to take their project from idea to commercial launch and large-scale manufacture.

We are pleased with the progress our CDMO service has made in the past period. As set out in our February 2023 trading statement, we commenced an additional two new technical transfer projects, three new R&D projects, and two new regulatory projects in December 2022, illustrating the growing commercial momentum in this offering. At the time of the trading statement, we noted we were working with a number of customers across 11 different contract service projects in multiple areas (vs three as at 1 July 2022). Since then, we have signed another two CDMO contracts and these projects are in the process of onboarding. The pipeline remains robust, and we anticipate bringing more customers onboard as we see the current projects transfer from development into technical transfer which will free up our development team to take on further projects. Importantly, all our activities in CDMO are now focused on non-COVID-19 sectors and we believe this offers a more stable and sustainable business pipeline.

We were pleased to announce our strategic partnership with Senzo Health (Senzo) in March 2023 which will see Abingdon support Senzo by providing CDMO services to Senzo's partners to enable them to develop and manufacture new rapid tests utilising Senzo's cutting-edge high-sensitivity Amplified Lateral Flow platform.

We remain optimistic on the prospects for the lateral flow market. Recent market estimates suggest the lateral flow market will reach nearly \$23 billion by 2027 (Source: MarketsandMarkets) and we believe that this will be driven by new product development which will offer further opportunities for the Group to grow its CDMO business for the foreseeable future.

#### Abingdon Simply Test™ and related products

Abingdon launched the Abingdon Simply Test™ range of self-test products online in July 2022 and we continue to grow the portfolio of products sold on our e-commerce platform. The product range has recently expanded to include a Strep A test and a Flu/COVID combination test. We currently have 16 products for sale on the platform. The Company is broadening the channels to market to include retail chains and other e-commerce channels such as Amazon. Abingdon Simply Test™ launched in a major pharmacy chain in Ireland in February 2023 and we are pleased to see repeat orders from this customer. Further distribution channels have been established in H1 2023 and early in H2, including a number of country-specific distribution agreements. The Company is aiming to add further self-tests, including those developed through its contract service activities, over the rest of FY 2023. Abingdon anticipates launching one of its CDMO customer's tests, the Salignostics Salistick™ saliva pregnancy test, on the Abingdon Simply Test™ site, in due course. We were pleased to see Salistick™ achieve Medicines and Healthcare products Regulatory Agency (MHRA) approval in March 2023 and will therefore be available for sale in the United Kingdom and we remain on target for an exclusive launch of Salistick™ on the Abingdon Simply Test™ website and on Amazon before the end of this financial year.

### **People**

During the six months to 31 December 2022, the Company further reduced its headcount to 74, from 93 at 30 June 2022. This was part of our planned restructure as we refocused the activities of the business towards the CDMO pipeline of opportunities. Post-period end, headcount has increased to 81 with recruitment focus on development scientists to support the strong revenue growth in the Contract Development revenue stream.

## **Financial Performance**

Revenues fell in the period to £1.1m (2022: £1.7m) but on a like-for-like basis, excluding revenues from COVID related products in both periods, underlying sales grew 15% (and more strongly in Contract Development where non-COVID business increased 64%).

The gross profit margin for the period improved slightly to 25.9% against the prior year which, when adjusted for the £1.6m stock obsolescence provision for comparability, gave an adjusted gross margin of 25.4%, (or -67% in H1 2022 including the provision). The gross margin continues to reflect the underutilization of the contract manufacturing infrastructure, however margins are expected to improve as revenue continues to grow from signed contracts already underway and the pipeline of opportunities in progress as outlined above.

Administration costs reduced to £2.6m (2022: £3.7m) from the cost saving measures taken such as reductions in headcount and in other costs such as the business reducing its lease obligations on its site in York, which resulted in a reduction in site space and associated lease costs. This resulted in a reduction in the total value of the lease liability, which, when adjusted for the carrying value of the right of use asset resulted in a net gain of £0.3m

Adjusted operating loss has decreased significantly from the prior period to a loss of £2.2m (2022: loss of £4.8m) from the savings resulting from the actions taken described above.

The Company's cash balance at 31 December 2022 was £4.4m and is expected to be £3.7m at 31 March 2023. We also anticipate our adjusted EBITDA loss to reduce in H2 2023 compared to H2 2022 due to increased sales and the cost reductions made. The Group produces outward forecasts over a period of at least 12 months which are sensitised to reflect the companies expected cash position under various trading circumstances and believes that it has operating headroom for at least this length of time.

## **Current Trading and Outlook**

As set out in our trading statement in February 2023 the Board remains confident of achieving material revenue growth for FY23 compared to FY22, with revenues in H2 2023 significantly ahead of H1 2023. In particular, growth in non-COVID-19 revenues in FY23 compared to FY22 will be a key indicator of the progress the Company has made in repositing itself as a CDMO service business in a post-COVID-19 environment.

Our key focus remains on continued revenue growth and progression towards profitability and a cashflow positive position. Our target is to achieve this in FY 2024 and we believe that this year will put the foundations in place to allow us to achieve this.

## Consolidated Statement of Total Comprehensive Income

For the period ended 31 December 2022

	Notes	Unaudited 6 months ended 31 December 2022 £'000	Unaudited 6 months ended 31 December 2021 £'000	Audited Year ended 30 June 2022 £'000
<b>Revenue</b>	<b>1</b>	1,111	1,704	2,835
Cost of sales		(823)	(2,844)	(6,427)
<b>Gross profit/(loss)</b>		288	(1,140)	(3,592)
Administrative expenses		(2,563)	(3,664)	(6,645)
Other income		80	50	240
<b>Adjusted EBITDA (before adjusting items)</b>		(2,195)	(4,754)	(9,997)
Amortisation		(7)	(58)	(121)
Depreciation		(323)	(581)	(1,516)
Impairment charges		-	-	(7,192)
Share-based payment expenses		(7)	(100)	(231)
Non-recurring legal, professional and fundraising fees		(18)	(198)	(688)
Non-recurring redundancy costs		(162)	-	(198)
Other exceptional costs relating to DHSC settlement		-	-	(1,585)
Exceptional income	<b>2</b>	305	-	-
<b>Operating loss</b>		(2,407)	(5,691)	(21,528)
Finance income		32	-	4
Finance costs		(31)	(34)	(69)
<b>Loss before taxation</b>		(2,406)	(5,725)	(21,593)
Taxation		(15)	(9)	331
<b>Loss for the period</b>		(2,421)	(5,734)	(21,262)
Other comprehensive loss		-	-	-
<b>Total comprehensive loss for the period</b>		(2,421)	(5,734)	(21,262)
Attributable to:				
Equity holders of the parent		(2,421)	(5,734)	(21,262)
Basic earnings per share (pence)	<b>3</b>	(0.80)	(2.05)	(7.29)
Diluted earnings per share (pence)	<b>3</b>	(0.80)	(2.05)	(7.29)

## Consolidated Statement of Financial Position

For the period ended 31 December 2022

	Notes	Unaudited 31 December 2022 £'000	Unaudited 31 December 2021 £'000	Audited 30 June 2022 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		-	763	-
Other intangible assets		46	445	36
Property, plant and equipment		1,494	8,764	1,777
		<u>1,540</u>	<u>9,972</u>	<u>1,813</u>
<b>Current assets</b>				
Inventories		183	7,736	534
Trade and other receivables		824	9,592	7,844
Income tax debtor		86	155	183
Cash and cash equivalents		4,450	5,961	2,397
		<u>5,543</u>	<u>23,444</u>	<u>10,958</u>
<b>Total assets</b>		<u>7,083</u>	<u>33,416</u>	<u>12,771</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		1,972	10,263	5,059
Borrowings		52	125	115
Obligations under leases		83	220	150
		<u>2,107</u>	<u>10,608</u>	<u>5,324</u>
<b>Non-current liabilities</b>				
Borrowings		690	311	435
Obligations under leases		268	668	580
		<u>958</u>	<u>979</u>	<u>1,015</u>
<b>Total liabilities</b>		<u>3,065</u>	<u>11,587</u>	<u>6,339</u>
<b>Net assets</b>		<u>4,018</u>	<u>21,829</u>	<u>6,432</u>
<b>EQUITY</b>				
Attributable to the owners of the parent:				
Share capital	4	76	76	76
Share premium		30,309	30,309	30,309
Share based payment reserve	5	79	121	153
Retained earnings		(26,446)	(8,677)	(24,106)
<b>Total equity</b>		<u>4,018</u>	<u>21,829</u>	<u>6,432</u>

## Consolidated Statement of Changes in Equity

For the period ended 31 December 2022

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2021</b>	69	24,180	44	(2,966)	21,327
Loss	-	-	-	(5,734)	(5,734)
Total comprehensive loss for the period	-	-	-	(5,734)	(5,734)
Share option expense	-	-	100	-	100
Share options forfeited	-	-	(23)	23	-
Issue of shares	7	6,493	-	-	6,500
Cost of issue of shares	-	(364)	-	-	(364)
<b>At 31 December 2021</b>	<b>76</b>	<b>30,309</b>	<b>121</b>	<b>(8,677)</b>	<b>21,829</b>
Loss	-	-	-	(15,528)	(15,528)
Total comprehensive loss for the period	-	-	-	(15,528)	(15,528)
Share option expense	-	-	131	-	131
Share options exercised	-	-	(10)	10	-
Share options forfeited	-	-	(89)	89	-
<b>At 30 June 2022</b>	<b>76</b>	<b>30,309</b>	<b>153</b>	<b>(24,106)</b>	<b>6,432</b>



## Consolidated Statement of Changes in Equity (continued)

For the period ended 31 December 2022

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000
Loss	-	-	-	(2,421)	(2,421)
Total comprehensive loss for the period	-	-	-	(2,421)	(2,421)
Share option expense	-	-	7	-	7
Share options exercised	-	-	(4)	4	-
Share options forfeited	-	-	(77)	77	-
Issue of shares	-	-	-	-	-
<b>At 31 December 2022</b>	<b>76</b>	<b>30,309</b>	<b>79</b>	<b>(26,446)</b>	<b>4,018</b>

## Notes to the Interim Financial Statements

For the period ended 31 December 2022

	Unaudited 6 months ended 31 December 2022 £'000	Unaudited 6 months ended 31 December 2021 £'000	Audited Year ended 30 June 2022 £'000
<b>Cash flow from operating activities</b>			
Loss for the period	(2,421)	(5,734)	(21,262)
<b>Adjustment for:</b>			
Other income	(80)	(50)	(240)
Exceptional income	(305)	-	-
Net finance (income)/costs	(1)	34	65
Tax charge/(credit)	15	9	(331)
Amortisation and impairment of intangible assets	7	58	1,270
Share based payments	7	100	231
Depreciation and impairment of property, plant and equipment	323	581	7,559
(Profit)/loss on disposal of property, plant and equipment	(14)	39	240
Impairment of inventories (including DHSC)	-	-	9,676
Insurance claim proceeds	-	-	146
<b>Changes in working capital:</b>			
Decrease/(increase) in inventories	351	152	(2,322)
Decrease in trade and other receivables	7,020	385	2,134
Decrease in trade and other payables	(3,068)	(134)	(5,170)
<b>Cash used in operations</b>	1,834	(4,560)	(8,004)
Interest paid	(31)	(34)	(58)
Income taxes received	162	1	323
<b>Net cash generated from/(used in) operating activities</b>	1,965	(4,593)	(7,739)
<b>Cash flow from investing activities</b>			
Interest received	32	-	4
Purchase of intangible assets	(18)	(39)	(78)
Purchase of property, plant and equipment	(40)	(342)	(682)
<b>Net cash used in investing activities</b>	(26)	(381)	(756)
<b>Cash flow from financing activities</b>			
Net proceeds from issue of own shares (net of costs)	-	6,135	6,136
Cash withheld for SAYE scheme	-	(3)	(7)
Proceeds from new bank loans and borrowings	250	-	167
Repayment of loans	(63)	(58)	(125)
Payment of lease obligations	(73)	(116)	(144)
Payment on settlement of accrued lease obligations	-	-	(112)
<b>Net cash generated from investing activities</b>	114	5,958	5,915
<b>Increase/(decrease) in cash and cash equivalents</b>	2,053	984	(2,580)
Net cash and cash equivalents at beginning of the period	2,397	4,977	4,977
<b>Net cash and cash equivalents at end of period</b>	4,450	5,961	2,397

## Notes to the Interim Financial Statements

For the period ended 31 December 2022

### Company information

Abingdon Health PLC (“the Company”) is a public limited company domiciled and incorporated in England and Wales. The Company is quoted on the London Stock Exchange’s Alternative Investment Market (“AIM”). The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or “financial statements”) incorporates the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the “Group”).

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

### Significant accounting policies

The Group has presented below key extracts of its accounting policies. All policies are consistent with the previous statutory financial statements for the year ended 30 June 2022 and are expected to be consistently applied for the current year ended 30 June 2023 inclusive of these changes.

### Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards (“IFRS”) insofar as these apply to interim financial statements.

The financial information set out in these interim consolidated financial statements for the six months ended 31 December 2022 is unaudited. The financial information presented are not statutory accounts prepared in accordance with the Companies Act 2006, and are prepared only to comply with AIM requirements for interim reporting.

The Group's financial statements for the year ended 30 June 2022 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) of the Companies Act 2006.

### Basis of measurement

The financial statements have been prepared on the historical cost basis, modified to include the revaluation of certain financial instruments at fair value.

### Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### Going concern

As at 31 December 2022, the Group has net current assets. The Group has a number of contracts in place which generate revenues and are expected to continue doing so. The Group also has significant unused cash reserves available which are expected to provide an operating headroom for a period of at least 12 months which is supported by the cash flow forecasts prepared for a period no less than 12 months out and which are sensitised to reflect the companies expected cash position under various trading circumstances.

The Group continues to focus on securing sales of existing and new products.

### Basis of consolidation

The Group financial information consolidates those of the Company and the subsidiaries that the Company has control of. Control is established when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

### Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this Interim Report for the six months ended 31 December 2022 unless specifically requested by individual shareholders. The Board believes that by utilising electronic communication it delivers savings to the Company in terms of administration, printing and postage, and environmental benefits through reduced consumption of paper and inks, as well as speeding up the provision of information to shareholders.

News updates, Regulatory News and Financial statements can be viewed and downloaded from the Group's website, [www.abingdonhealth.com/investors](http://www.abingdonhealth.com/investors). Copies can also be requested from: Company Secretary, Abingdon Health PLC, York Biotech Campus, Sand Hutton, York YO41 1LZ.

### Share-based payment

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest.

## 1. Revenue

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

### Segmental analysis of revenue

	Unaudited 6 months to 31 December 2022 £'000	Unaudited 6 months to 31 December 2021 £'000	Audited 12 months to 30 June 2022 £'000
Product sales	165	203	465
Contract manufacturing	433	614	1,124
Contract development	513	887	1,246
Total revenue from contracts with customers	1,111	1,704	2,835

### Revenue analysed by geographical market

	Unaudited 6 months to 31 December 2022 £'000	Unaudited 6 months to 31 December 2021 £'000	Audited 12 months to 30 June 2022 £'000
United Kingdom	333	1,013	1,417
United States of America	99	67	182
Europe	575	523	1,072
Rest of World	104	101	164
	1,111	1,704	2,835

## 2. Exceptional Income

The exceptional income represents gains made on a significant modification to one of the Group's leases whereby it reduced site space and associated lease costs. This resulted in a release from the total value of the lease liability, which exceeded the carrying amount of the right of use asset immediately prior to modification. This has resulted in a net gain of £390,000 (2021 - £nil) which is included within exceptional income in the Income Statement. Set against this is an impairment of £85,000 (2021 - £nil) of the modified right of use asset to reduce this asset to the carrying value of the pre-modification right of use asset immediately prior to lease modification, to align with the impairment charge included within the FY22 financial statements.

## 3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	31 December 2022	31 December 2021	30 June 2022
<b>Earnings used in calculation (£'000s)</b>	(2,421)	(5,734)	(21,262)
Number of shares	304,033,096	279,428,969	291,622,638
<b>Basic EPS (p)</b>	(0.80)	(2.05)	(7.29)
Number of dilutable shares	304,033,096	279,428,969	291,622,638
<b>Diluted EPS (p)</b>	(0.80)	(2.05)	(7.29)

The directors have presented adjusted earnings as a measure of ongoing profitability and performance, and before deduction of share-based payment costs and listing costs. The calculated adjusted earnings for the current period of accounts is as follows:

<b>Adjusted Earnings per Share</b>	<b>6 months ended 31 December 2022 £'000s</b>	<b>6 months ended 31 December 2021 £'000s</b>	<b>Year ended 30 June 2022 £'000s</b>
Loss after taxation	(2,421)	(5,734)	(21,593)
Adjusted for:			
Share based payment	7	100	231
Impairment charge	-	-	7,192
Non-recurring legal fees	18	198	688
Non-recurring employee redundancy costs	162	-	198
Exceptional costs relating to settlement of DHSC contract	-	-	1,585
Depreciation and amortisation	330	639	1,638
Finance costs	31	34	69
Exceptional income	(305)	-	-
<b>Adjusted Earnings</b>	<b>(2,178)</b>	<b>(4,763)</b>	<b>(9,992)</b>

	6 months ended 31 December 2022	6 months ended 31 December 2021	Year ended 30 June 2022
<b>Adjusted earnings (£000s)</b>	(2,178)	(4,763)	(9,992)
Number of shares	304,033,096	279,428,969	291,622,638
<b>Adjusted EPS (p)</b>	(0.72)	(1.70)	(3.43)
Number of dilutable shares	304,033,096	279,428,969	291,622,638
<b>Adjusted diluted EPS (p)</b>	(0.72)	(1.70)	(3.43)

#### 4. Share capital

	31 December 2022	31 December 2021	30 June 2022
<b>Ordinary share capital</b>			
<b>Authorised</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Ordinary shares of 0.025p each	121,716,822	121,699,114	121,711,614
Deferred ordinary shares of 0.025p each	182,316,812	182,316,812	182,316,812
	<u>304,033,634</u>	<u>304,015,926</u>	<u>304,028,426</u>
<b>Allotted and fully paid</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Ordinary shares of 0.025p each	121,716,822	121,699,114	121,711,614
Deferred ordinary shares of 0.025p each	182,316,812	182,316,812	182,316,812
	<u>304,033,634</u>	<u>304,015,926</u>	<u>304,028,426</u>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Ordinary shares of 0.025p each	31	31	31
Deferred ordinary shares of 0.025p each	45	45	45
	<u>76</u>	<u>76</u>	<u>76</u>

#### Reconciliation of movements during the periods:

	Ordinary Shares	Deferred Ordinary Shares
At 1 July 2021	95,699,114	182,316,812
Issue of shares for cash	26,000,000	-
At 31 December 2021	<u>121,699,114</u>	<u>182,316,812</u>
Exercise of share options	12,500	-
At 31 December 2021	<u>121,711,614</u>	<u>182,316,812</u>
Exercise of share options	5,208	-
At 31 December 2022	<u>121,716,822</u>	<u>182,316,812</u>

## 5. Share options

The following movements on share options have been recognised in the period:

	Number of share options			Weighted average exercise price		
	31 December 2022 Number	31 December 2021 Number	30 June 2022 Number	31 December 2022 £	31 December 2021 £	30 June 2022 £
Outstanding at start of period	219,781	729,467	729,467	0.5057	0.5071	0.5071
Exercised	(5,208)	-	(12,500)	0.0003	-	0.0003
Issued	4,119,286	-	-	0.07	-	-
Forfeited	(27,444)	(129,273)	(497,186)	0.3281	0.5139	0.5755
Outstanding at end of period	4,306,415	600,194	219,781	0.0818	0.5057	0.3997
Exercisable at end of period	-	-	-	-	-	-

The options outstanding at 31 December 2022 had an exercise price ranging from £0.00025 to £0.70 and a remaining contractual life of between 1 years 3 months and 10 years. The options exist at 31 December 2022 across the following share option schemes:

	Number of shares	Exercise price per share (£)	Vesting period
Options issued in April 2021	95,838	0.00025	1 year
SAYE scheme commenced in March 2021	91,291	0.70	3 years
Options issued in December 2022	4,119,286	0.07	3 years
	<u>4,306,415</u>		

The fair value of the scheme represents the reduced fair value after adjusting for leavers and is being expensed over the vesting period. All share options expire 10 years after the date of issue.